

Congress of the United States
Washington, DC 20515

October 2, 2018

The Honorable Paul D. Ryan
Speaker of the House
H-232, United States Capitol
Washington, D.C. 20515

The Honorable Kevin Brady
Chairman, Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Speaker Ryan, and Chairman Brady,

We write to commend your hard work to refresh and streamline the tax code and restore robust growth and increase opportunities in our economy. H.R. 1, the “Tax Cuts and Jobs Act” (TCJA) is already helping to drive economic growth, encourage investment, and bring down unemployment to its lowest level since 1969. While the TCJA is stimulating the economy, there are areas of the law that need corrections and tweaks so that our communities can experience the full intended effect of the law. To ensure the smooth transition to the new tax system, it is essential that these corrections be made quickly.

One such area that needs to be addressed are the provisions relating to qualified improvement property (QIP). An early version of the TCJA included provisions to allow QIP investment—often made by restaurants and retailers to improve the interior of their locations or move into empty ones—to be fully and immediately “written-off” on their tax bill in the year the expenses were incurred. However, due to a technical error in Section 13204 of H.R. 1, businesses making QIP investments can only deduct 2.5% of their improvement costs in the year the expenditure is made and the other 97.5% over the next 38 years. This error has created a situation where QIP investment is treated even less favorably than before passage of the TCJA.

Restaurants and retailers are some of the most visible and valued businesses in our communities and it is essential that we correct this technical error and extend to them the same treatment as other types of investment. While they wait for Congress to act to correct this error, these businesses are forgoing renovations, halting plans to revitalize declining malls, and placing safety improvements on hold. Not only does this hurt restaurants and retailers, but also the businesses involved in the planning and renovations, and ultimately our communities.

This issue clearly qualifies as a “technical correction” for tax legislation. The conference report for H.R. 1 (*Rep. 115-466*) and the score provided by the Joint Committee on Taxation (JCT, report JCX-67-17) both reflect the newly-consolidated QIP category as 15-year property. Importantly, because JCT’s score accounts for QIP as 15-year property, a fix for this issue to make it workable for American businesses would not be scored as a loss of revenue or an increase in the deficit.

We urge you to bring legislation to the floor of the House of Representatives as swiftly as possible to fix the QIP investment drafting error in the TCJA and restore the ability of restaurants and retailers to fully and immediately expense their QIP investments. In the meantime, please encourage the Treasury Department to issue interim guidance and refrain from enforcing the drafting error until a legislative fix is achieved. These changes are vital to ensuring the health of our economy.

Sincerely,



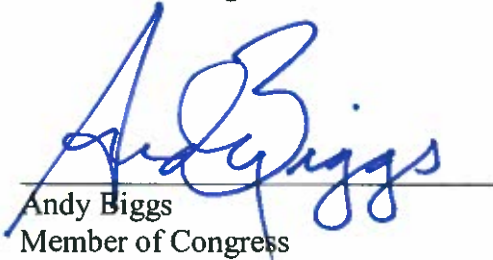
Martha McSally
Member of Congress



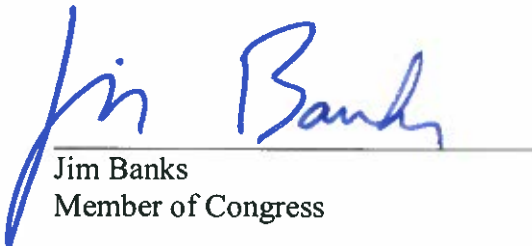
Warren Davidson
Member of Congress



Robert B. Aderholt
Member of Congress



Andy Biggs
Member of Congress



Jim Banks
Member of Congress



Rod Blum
Member of Congress



Lou Barletta
Member of Congress



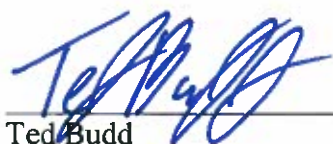
Mike Bost
Member of Congress



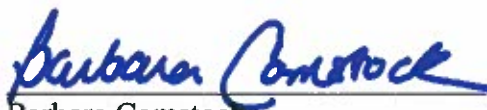
Andy Barr
Member of Congress



Mo Brooks
Member of Congress



Ted Budd
Member of Congress



Barbara Comstock
Member of Congress



Ken Calvert
Member of Congress



Kevin Cramer
Member of Congress



Earl L. "Buddy" Carter
Member of Congress



John Abney Culberson
Member of Congress



Steve Chabot
Member of Congress



Rodney Davis
Member of Congress



Michael Cloud
Member of Congress



Neal P. Dunn
Member of Congress



Mike Coffman
Member of Congress



Tom Emmer
Member of Congress



Tom Cole
Member of Congress



Matt Gaetz
Member of Congress



Greg Gianforte
Member of Congress



Brian K. Fitzpatrick
Member of Congress



Bob Gibbs
Member of Congress



Jody B. Hice
Member of Congress



Louie Gohmert
Member of Congress



French Hill
Member of Congress



Paul A. Gosar, D.D.S.
Member of Congress



Will Hurd
Member of Congress



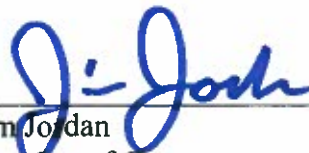
Glenn Grothman
Member of Congress



Bill Johnson
Member of Congress



Brett Guthrie
Member of Congress



Jim Jordan
Member of Congress



John J. Bass
Member of Congress



Doug LaMalfa
Member of Congress



Doug Lamborn
Member of Congress



Ralph Norman
Member of Congress



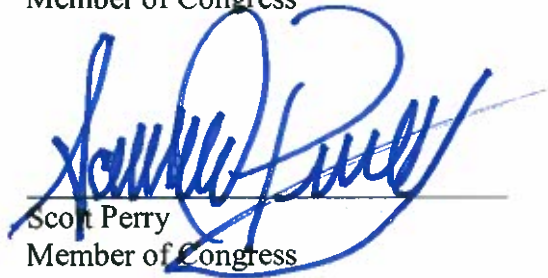
Debbie Lesko
Member of Congress



Gary J. Palmer
Member of Congress



Barry Loudermilk
Member of Congress



Scott Perry
Member of Congress



Luke Messer
Member of Congress



Bruce Poliquin
Member of Congress



Tom McClintock
Member of Congress



John Ratcliffe
Member of Congress



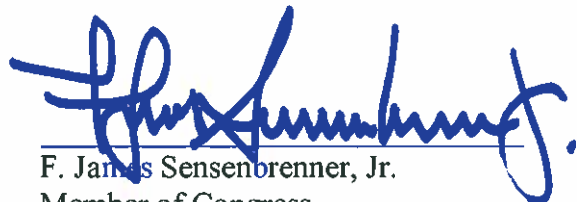
Alexander X. Mooney
Member of Congress



Keith J. Rothfus
Member of Congress



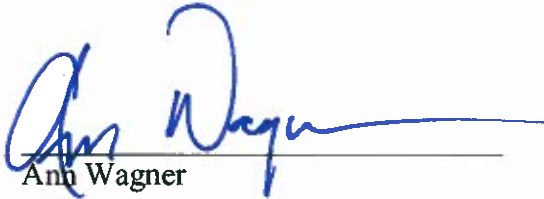
Kristi Noem
Member of Congress



F. James Sensenbrenner, Jr.
Member of Congress

A blue ink signature of Steve Stivers, written in a cursive style, positioned above a horizontal line.

Steve Stivers
Member of Congress

A blue ink signature of Ann Wagner, written in a cursive style, positioned above a horizontal line.

Ann Wagner
Member of Congress

A blue ink signature of Mark Walker, written in a cursive style, positioned above a horizontal line.

Mark Walker
Member of Congress

A blue ink signature of Randy K. Weber, Sr., written in a cursive style, positioned above a horizontal line.

Randy K. Weber, Sr.
Member of Congress

A blue ink signature of Roger Williams, written in a cursive style, positioned above a horizontal line.

Roger Williams
Member of Congress

A blue ink signature of Kevin Yoder, written in a cursive style, positioned above a horizontal line.

Kevin Yoder
Member of Congress